

BEFORE
THE PUBLIC SERVICE COMMISSION OF
SOUTH CAROLINA
DOCKET NO. 2006-352-S - ORDER NO. 2007-68
MARCH 13, 2007

IN RE: Application of Quail Hollow Utilities, Inc.)	ORDER APPROVING
for Approval of the Transfer of Its Sewer)	TRANSFER OF SEWER
System to the City of West Columbia)	SYSTEM TO THE CITY
)	OF WEST COLUMBIA

This proceeding is governed by 26 S.C. Code Ann. Regs §103-504 (Supp. 2006). In this proceeding Quail Hollow Utilities, Inc. (“Quail Hollow” or “Petitioner”) petitions the Public Service Commission of South Carolina (“Commission”) for approval of the transfer of its sewer system utility located in the Quail Hollow subdivision in Lexington County to the City of West Columbia. The transfer request arises out of the terms of a settlement agreement resulting from a civil dispute between Quail Hollow and the City of West Columbia. The effect of the settlement agreement was conditioned on approval of transfer by this Commission.

Quail Hollow is a utility engaged in providing sewer only service to the residents of the Quail Hollow Subdivision. The City of West Columbia already provides water service to the residents of the Quail Hollow Subdivision and provides both water and sewer service in the immediate vicinity around this subdivision. In support of its petition, Quail Hollow asserts that its customers will benefit from the City of West Columbia’s reduced rates, and that they will be billed by a single entity following approval of the transfer.

Notice of this matter was published by Petitioner in *The State* newspaper on November 15, 2006. Subsequently, the Commission received numerous requests for a public hearing from Quail Hollow's customers. In addition, the Quail Hollow Village Homeowners Association petitioned to intervene but later withdrew this request in favor of the transfer.

At the hearing held on January 18, 2007, Raymon E. Lark, Jr., Esquire, and William F. Austin, Esquire, represented Quail Hollow. The South Carolina Office of Regulatory Staff ("ORS") was represented by Nannette S. Edwards, Esquire. During the hearing, Quail Hollow reiterated its request for the transfer of sewer service to the City of West Columbia. ORS testified that the City of West Columbia's extensive technical and financial resources will allow it to provide a high quality of service to Quail Hollow's customers. It has no objection to the transfer.

Although ORS does not object, it also testified that the City of West Columbia indicates an upgrade to the sewer collection service is needed. This improvement is estimated to require a \$20.00/month capital improvement service charge to be assessed to each customer over a fifteen year timeframe in order to defray the upgrade's costs. Many of the customers who testified at the hearing were alarmed by this proposed charge and concerned over the loss of input over the rates that the City may put in place.

The Commission shares these concerns but finds that the transfer is in the public interest. The City of West Columbia has the resources to better operate, maintain, and upgrade the subdivision's sewer system and will serve the customers of Quail Hollow

better than the current owners. Therefore, the Commission approves the transfer of the sewer system of Quail Hollow Utilities, Inc. to the City of West Columbia.

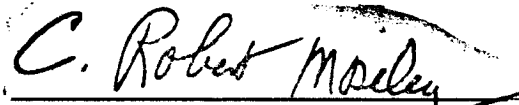
This Order shall remain in full force and effect until further order of the Commission.

BY ORDER OF THE COMMISSION:



G. O'Neal Hamilton, Chairman

ATTEST:



C. Robert Moseley, Vice Chairman

(SEAL)